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E.O. 12958: DECL: 04/18/02

TAGS: PREL ECIN ZL GR

SUBJECT: ENGAGING GREECE ON THE BALKANS: WHAT A DIFFERENCE A YEAR CAN MAKE

CLASSIFIED BY DEPUTY CHIEF OF MISSION TERRY R. SNELL, REASONS 1.5 (B,D)

¶1. (C) LAST APRIL OUR EMBASSY ENDURED DAILY DEMONSTRATIONS, MANY OF THEM VIOLENT, BY ANGRY GREEKS PROTESTING THE NATO AIR CAMPAIGN AGAINST SERBIA. EMOTIONS RAN HIGH WITH ANTI-AMERICANISM AND PRO-SERB EMOTIONALISM OFTEN TWO SIDES OF THE SAME COIN. ALTHOUGH POLLS INDICATED OVER 90 PERCENT OF THE POPULATION OPPOSED THE AIR STRIKES, PRIME MINISTER SIMITIS AND FOREIGN MINISTER PAPANDREOU PERFORMED A DELICATE BALANCING ACT BY KEEPING GREECE FROM RUPTURING THE NATO CONSENSUS. THE GREEK GOVERNMENT ON APRIL 21-22 WILL BE UNOFFICIALLY CO-HOSTING A SERB OPPOSITION LEADERS CONFERENCE IN ATHENS. NO ONE IN THE GREEK GOVERNMENT QUESTIONS THE PREMISE THAT THE MILOSEVIC REGIME MUST GO. GREEK DIFFERENCES WITH THE U.S. ARE CENTERED ON THE APPROPRIATE TACTICS, ESPECIALLY THE EFFICACY OF CONTINUED ECONOMIC SANCTIONS AGAINST BELGRADE.

¶2. (C) TEN DAYS AGO, LARGEMLY FOR DOMESTIC ECONOMIC REASONS, VOTERS RE-ELECTED THE SIMITIS GOVERNMENT FOR A SECOND TERM. WITH PASOK THE WINNER IN THE LAST THREE ELECTIONS, PM SIMITIS IS STARTING TO STRIP THE PARTY OF ITS ANDREAS PAPANDREOU LEGACY AND FIRMLY ESTABLISH GREECE IN EUROPE'S PROGRESSIVE POLITICAL CENTER. DESPITE SOME CHANGES AT THE SUBMINISTERIAL LEVEL, THE FOREIGN AND DEFENSE MINISTRIES CAN BE EXPECTED TO CONTINUE PROMOTING RAPPROCHEMENT WITH TURKEY, AN INCREASED GREEK ROLE IN THE BALKANS AND A PRODUCTIVE, COOPERATIVE RELATIONSHIP WITH THE U.S.

¶3. (C) PM SIMITIS WILL BE PRESENTING THE NEW GOVERNMENT'S PROGRAM TO THE PARLIAMENT ON APRIL 21. GREECE WILL JOIN THE EUROPEAN AND ECONOMIC MONETARY UNION (EMU) IN JANUARY AND MUCH OF SIMITIS'S PROGRAM WILL BE DEVOTED TO STRIKING A BALANCE BETWEEN THE REQUIRED MACROECONOMIC DISCIPLINE IMPOSED BY EMU AND A RESTRUCTURING OF GOVERNMENT SOCIAL PROGRAMS IMPORTANT TO MOST GREEKS AND ESPECIALLY PASOK'S CONSTITUENCY. SIMITIS BELIEVES IN CABINET GOVERNMENT AND FM PAPANDREOU WILL TAKE THE LEAD IN SHAPING GREECE'S FOREIGN POLICY. AS IN THE LAST GOVERNMENT, IMPLEMENTATION OF ANY NEW INITIATIVES ARE LIKELY TO BE SLOWED BY AN INEFFICIENT AND UNCOORDINATED GREEK FOREIGN MINISTRY BUREAUCRACY.

¶4. (C) IN YOUR MEETINGS WITH PAPANDREOU AND DEFENSE MINISTER TSOHATZOPOULOS, YOUR OBJECTIVE SHOULD BE TO ENCOURAGE GREECE TO TAKE ON A GREATER LEADERSHIP ROLE IN THE PROCESS OF TRANSFORMING SOUTHEAST EUROPE. WHILE RECOGNIZING GREECE'S CONTRIBUTIONS TO STABILITY IN THE REGION, YOU MAY WANT TO EMPHASIZE THE NEED FOR GREATER FOLLOW THROUGH BY THE FOREIGN MINISTRY TO ENSURE THAT PERFORMANCE MATCHES PUBLIC RHETORIC. THE FOLLOWING POINTS COVER SOME OF THE SPECIFIC BALKAN ISSUES YOU MAY WANT TO RAISE:

-- APPRECIATE GREECE'S CONTRIBUTION OF TROOPS TO KFOR AND SFOR. GREEK SUPPORT FOR MODERATE SERB KOSOVARS CAN PROVE VITAL IN BUILDING A MULTI-ETHNIC SOCIETY IN KOSOVO.

-- REITERATE U.S. POLICY ON NO CHANGE OF BORDERS IN THE BALKANS.

-- IMPORTANT TO MAINTAIN PRESSURE ON MILOSEVIC REGIME THROUGH STRICT ENFORCEMENT OF ECONOMIC SANCTIONS. MUST ISOLATE BELGRADE AND CUT-OFF HARD CURRENCY EARNINGS USED TO PROP UP THE REGIME.

-- HIGHLIGHT NEED FOR SUPPORT IN EU TO ACCELERATE ECONOMIC ASSISTANCE TO MONTENEGRO.

-- ENCOURAGE GREATER PUBLIC SUPPORT BY GREECE FOR SERB OPPOSITION, INCLUDING NGOS AND OTHER CIVIL GROUPS AS WELL AS PUBLIC DIPLOMACY CAMPAIGN TO HIGHLIGHT MILOSEVIC'S REPRESSIVE TACTICS AGAINST MEDIA AND CRITICS.

-- NOTE INSTITUTIONALIZATION OF MEETINGS WITH LEADERS OF GREECE'S NEIGHBORS (ALBANIA, FYROM AND BULGARIA) AND PROSPECTS FOR GREATER COOPERATION ARISING FROM THESE IMPROVED RELATIONS.

-- SUGGEST INCREASED GREEK ROLE IN REGIONAL INITIATIVES SUCH AS SECI (BUCHAREST ANTI-CRIME CENTER), STABILITY PACT (TABLE ONE ON HUMAN RIGHTS) AND SEDM.

15. (C) OVER THE HORIZON, PAPANDREOU AND TSOHATZOPoulos WILL BE LOOKING TO HEAR A BRIEF ARTICULATION OF YOUR VIEWS ON THE U.S.-GREECE BILATERAL RELATIONSHIP. WE SUGGEST THE FOLLOWING POINTS:

-- IMPORTANT TO CONTINUE THE ANNUAL BILATERAL CONSULTATIONS BEGUN BY A/S GROSSMAN.

-- SEEK COMMITMENT FOR MORE FREQUENT VISITS AT DAS LEVEL TO FOLLOW-UP ON POLICY INITIATIVES.

-- ENCOURAGE GREEKS TO ADD SUBSTANCE TO, DEFEND, AND PROMOTE THE BILATERAL RELATIONSHIP.

-- NOTE UPCOMING REPORTS (NEXT WEEK) ON IPR AND TERRORISM; GREECE NEEDS TO RESOLVE THE WTO IPR CASE AND MAKE SIGNIFICANT PROGRESS ON COUNTER-TERRORISM TO MOVE OUR BILATERAL RELATIONSHIP FORWARD. A COUNTER-TERRORISM BREAKTHROUGH IS IMPORTANT FOR AMERICANS' SECURITY IN GREECE.

-- STRESS NEED TO NAIL DOWN DECISION ON F-16 ENGINES; PUSH FOR GREEK DECISION TO PURCHASE U.S. M1-A2 TANKS - THE BEST IN THE WORLD (WITH TSOHATZOPoulos ONLY).

-- SUPPORT CONTINUED GREEK RISK-TAKING TO IMPROVE RELATIONS WITH TURKEY AND REACH POLITICAL SETTLEMENT ON CYPRUS. STRESS WILLINGNESS OF U.S. TO PROVIDE SUPPORT TO MAKE FURTHER PROGRESS POSSIBLE. EMPHASIZE THAT WE ARE WORKING WITH ANKARA FOR A CONCRETE TURKISH STEP TO IMPROVE GREEK-TURKEY RELATIONS AND PUSH FORWARD CYPRUS TALKS.

-- ENCOURAGE GREECE TO FACILITATE FULL TURKISH PARTICIPATION IN NATO EXERCISE "DYNAMIC MIX;" WOULD REBOUND TO GREECE'S CREDIT.

-- PREVIEW OPPORTUNITY PRESENTED BY PAPANDREOU-CEM-ALBRIGHT MEETINGS IN TWO WEEKS IN NEW YORK TO MAKE FURTHER PROGRESS ON GREECE-TURKEY-CYPRUS ISSUES.

BURNS